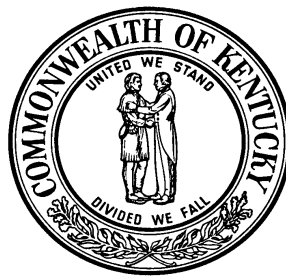


**REPORT OF THE AUDIT OF THE
JEFFERSON COUNTY
SHERIFF**

**For The Year Ended
December 31, 2009**



**CRIT LUALLEN
AUDITOR OF PUBLIC ACCOUNTS
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EXECUTIVE SUMMARY

AUDIT EXAMINATION OF THE JEFFERSON COUNTY SHERIFF

**For The Year Ended
December 31, 2009**

The Auditor of Public Accounts has completed the Jefferson County Sheriff's audit for the year ended December 31, 2009. Based upon the audit work performed, the financial statements present fairly, in all material respects, the revenues, and expenditures of the Sheriff and the revenues, expenditures, and fund balances of the Sheriff's operating fund and county fund with the State Treasurer in conformity with the regulatory basis of accounting. In accordance with OMB Circular A-133, we have issued an unqualified opinion on the compliance requirements that are applicable to the Jefferson County Sheriff's major federal program: Federal Forfeiture Account (CFDA #16.N/A)

Financial Condition:

A fee official in counties with a population over 70,000 has two funds established with the state for the deposit of fees collected. Seventy-five percent (75%) of the fees collected are deposited in a Sheriff's operating fund and used for office expenses of the fee official. The remaining twenty-five percent (25%) of fees collected are deposited to the metro government fund and paid quarterly to the county government. These funds are closed at the end of each four-year term by paying the balances to the metro government.

The Jefferson County Sheriff had total receipts of \$25,031,692, which was a \$464,199 decrease from the prior year. Except for reimbursed expenses in the amount of \$10,281,190 which includes Louisville Jefferson County/Metro Government contributions of \$476,074, the Sheriff paid 25% of receipts to the Louisville/Jefferson County Metro Government in the amount of \$3,670,407. This was a decrease of \$166,903 from the prior year. In addition, operating fund expenditures decreased by \$435,857.

Lease Agreements:

The Sheriff's office is responsible for the following leases:

Item	Monthly	Term of	Ending	Principal
<u>Purchased/Leased</u>	<u>Payment</u>	<u>Agreement</u>	<u>Date</u>	<u>Balance</u>
				<u>December 31, 2009</u>
Five Copy Machines	\$ 686	48 Months	4/10/2010	\$ 6,486
Copy Machine	504	29 Months	8/25/2010	4,032
Office *	1,300	36 Months	5/31/2011	22,100

* This lease is paid from the Federal Forfeiture Account.

Deposits:

The Sheriff's deposits were insured and collateralized by bank securities.

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CRIT LUALLEN
AUDITOR OF PUBLIC ACCOUNTS

The Honorable Jerry E. Abramson, Mayor, Louisville/Jefferson County Metro Government
Honorable John E. Aubrey, Jefferson County Sheriff
Members of the Louisville/Jefferson County Metro Council

Independent Auditor's Report

We have audited the accompanying statement of revenues and expenditures - regulatory basis of the Sheriff of Jefferson County, Kentucky, and the statement of revenues, expenditures, and fund balances of the Sheriff's operating fund and county fund with the State Treasurer - regulatory basis for the year ended December 31, 2009. These financial statements are the responsibility of the Sheriff. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for County Fee Officials issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the Sheriff prepares the financial statements on a regulatory basis of accounting that demonstrates compliance with the laws of Kentucky, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the revenues and expenditures of the Sheriff and the revenues, expenditures, and fund balances of the Sheriff's operating fund and county fund with the State Treasurer for the year ended December 31, 2009, in conformity with the regulatory basis of accounting described in Note 1.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States and Local Governments and Non-Profit Organization, and is not a required part of the financial statements. Such information has been subjected to auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.



The Honorable Jerry E. Abramson, Louisville/Jefferson County Metro Government
Honorable John E. Aubrey, Jefferson County Sheriff
Members of the Louisville/Jefferson County Metro Council

In accordance with Government Auditing Standards, we have also issued our report dated May 25, 2010 on our consideration of the Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

This report is intended solely for the information and use of the Sheriff and members of the Louisville/Jefferson County Metro Council and the Commonwealth of Kentucky and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Crit Luallen", with a long horizontal flourish extending to the right.

Crit Luallen
Auditor of Public Accounts

May 25, 2010

JEFFERSON COUNTY
JOHN E. AUBREY, SHERIFF
STATEMENT OF REVENUES AND EXPENDITURES - REGULATORY BASIS

For The Year Ended December 31, 2009

Revenues

Federal Grants		\$	31,285	*	
State Fees for Services					
Attending Court	\$	1,965,114	*		
Conveyance of Prisoners		88,254	*		
Sequestered Jurors		15,394	*		
KLEFPF		934,320	*		
Court Security		<u>573,451</u>	*	3,576,533	
Metro Government				476,074	*
County Clerk		1,432,535			
County Clerk (Reimbursed)		<u>106,278</u>	*	1,538,813	
Commission on Taxes		9,289,493			
Commission on Taxes (Reimbursed)		<u>5,311,230</u>	*	14,600,723	
Fees Collected for Services:					
Auto Inspections		267,350			
Serving Papers		1,856,677			
Serving Papers (Reimbursed)		931	*		
Executions		11,901			
Executions (Reimbursed)		303,441	*		
Concealed Weapon License Fees		114,018			
Data Services		<u>27,172</u>		2,581,490	
Other Revenues:					
10% Add On Fee		1,700,319			
Reimbursements		328,613	*		
IRS, DEA, & FBI Reimbursements		146,805	*		
Miscellaneous		18,224			
Interest Earned		<u>32,813</u>		<u>2,226,774</u>	
Total Revenues					25,031,692

The accompanying notes are an integral part of the financial statements.

JEFFERSON COUNTY
 JOHN E. AUBREY, SHERIFF
 STATEMENT OF REVENUES AND EXPENDITURES - REGULATORY BASIS
 For The Year Ended December 31, 2009
 (Continued)

Expenditures

Payments to State:

Reimbursements	\$	406,446	
----------------	----	---------	--

Other Expenditures:

Executions-Third Parties	\$	304,407	
Serving Papers-Refunds		931	
Sequestered Jurors		16,224	
Cobra Insurance & Other		66,526	388,088
			<hr/>

Total Expenditures			\$	794,534
				<hr/>

Net Revenues				24,237,158
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Payments to State Treasurer:

75% Operating Fund		20,566,751		
25% County Fund		3,670,407		24,237,158
			<hr/>	<hr/>

Balance Due at Completion of Audit			\$	0
				<hr/> <hr/>

* Includes reimbursed expenses in the amount of \$10,281,190 for the audit period. See Note 1 of Notes to Financial Statements.

The accompanying notes are an integral part of the financial statements.

JEFFERSON COUNTY
 JOHN E. AUBREY, SHERIFF
 STATEMENT OF REVENUES, EXPENDITURES, AND
 FUND BALANCES OF THE SHERIFF'S OPERATING FUND
AND COUNTY FUND WITH THE STATE TREASURER - REGULATORY BASIS

For The Year Ended December 31, 2009

	75% Operating Fund	25% County Fund	Totals
Fund Balance - January 1, 2009	\$ (348,452)	\$ 1,443,489	\$ 1,095,037
<u>Revenues</u>			
Fees Paid to State - Operating Funds (75%)	20,566,751		20,566,751
Fees Paid to State - County Funds (25%)		3,670,407	3,670,407
Total Funds Available	20,218,299	5,113,896	25,332,195
<u>Expenditures</u>			
Louisville Metro		3,854,113	3,854,113
Personnel Services-			
Officials Statutory Maximum	105,840		105,840
Officials Incentive Training Pay	3,528		3,528
Deputies' Salaries	11,636,993		11,636,993
Overtime Gross	342,619		342,619
Employee Benefits-			
Employer's Share Social Security	873,968		873,968
Employer's Share Retirement	3,645,864		3,645,864
Employer's Paid Health & Life Insurance	1,941,812		1,941,812
Sick Leave Conversion	16,729		16,729
Unemployment Compensation Insurance	7,709		7,709
Workers Compensation Insurance	221,450		221,450
Contracted Services-			
Advertising	1,699		1,699
Public Relations	215		215
Legal Services	29,269		29,269
MIS Services	10,864		10,864
Materials and Supplies-			
Office Materials and Supplies	79,559		79,559
Printing	55,685		55,685
Uniforms	74,027		74,027
Ammunition	7,624		7,624

The accompanying notes are an integral part of the financial statements.

JEFFERSON COUNTY
 JOHN E. AUBREY, SHERIFF
 STATEMENT OF REVENUES, EXPENDITURES, AND
 FUND BALANCES OF THE SHERIFF'S OPERATING FUND
 AND COUNTY FUND WITH THE STATE TREASURER - REGULATORY BASIS
 For The Year Ended December 31, 2009
 (Continued)

	75%	25%	
	Operating	County	
	Fund	Fund	Totals
<hr/>			
<u>Expenditures</u> (Continued)			
Materials and Supplies-(Continued)			
Computer Supplies	\$ 16,814	\$	\$ 16,814
Other Charges-			
Bonds and Insurance	398,576		398,576
Dues	20,979		20,979
Discretionary Expenses	25,000		25,000
Postage	212,099		212,099
Fixed Telephone	58,109		58,109
Mobile Telephone	36,816		36,816
Radio Charges	13,597		13,597
Communication Maintenance	27,068		27,068
Equipment Maintenance	11,193		11,193
Computer Maintenance	47,115		47,115
Office Equipment Rental	16,594		16,594
Other Equipment Rental	4,981		4,981
Rent	19,620		19,620
Utilities	9,803		9,803
Training & Seminars	26,402		26,402
Travel	59,385		59,385
Subscriptions	6,390		6,390
Physical and Medical	21,116		21,116
Miscellaneous	8,644		8,644
Auto Expenses -			
Gasoline	282,831		282,831
Maintenance and Repairs	193,217		193,217
Vehicle Insurance	146,726		146,726
Parking	218,920		218,920

The accompanying notes are an integral part of the financial statements.

JEFFERSON COUNTY
 JOHN E. AUBREY, SHERIFF
 STATEMENT OF REVENUES, EXPENDITURES, AND
 FUND BALANCES OF THE SHERIFF'S OPERATING FUND
 AND COUNTY FUND WITH THE STATE TREASURER - REGULATORY BASIS
 For The Year Ended December 31, 2009
 (Continued)

	75% Operating Fund	25% County Fund	Totals
<u>Expenditures</u> (Continued)			
Capital Outlay-			
Office Equipment	\$ 11,511	\$	\$ 11,511
Computers	14,163		14,163
Communication Equipment	(49,383)		(49,383)
Law Enforcement Equipment	81,813		81,813
Vehicles	421,466		421,466
Total Expenditures	<u>21,417,019</u>	<u>3,854,113</u>	<u>25,271,132</u>
Fund Balance - December 31, 2009	<u>\$ (1,198,720)</u>	<u>\$ 1,259,783</u>	<u>\$ 61,063</u>

The accompanying notes are an integral part of the financial statements.

JEFFERSON COUNTY
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2009

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

A fee official uses a fund to report on the results of operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fee official uses a fund for fees to account for activities for which the government desires periodic determination of the excess of revenues over expenditures to facilitate management control, accountability, and compliance with laws.

B. Basis of Accounting

KRS 64.820 directs the fiscal court to collect any amount due from the Sheriff as determined by the audit.

KRS 64.350 establishes that a fee official in counties with a population over 70,000 has two funds with the State Treasurer for the deposit of fees collected. Seventy-five percent (75%) of the fees collected is deposited in a Sheriff's operating fund and used for office expenses of the fee official. The remaining twenty-five percent (25%) of fees collected is deposited to the county fiscal court fund and paid to the fiscal courts, urban-county governments, or consolidated local governments of the respective counties quarterly no later than April 15, July 15, October 15, and January 15. These funds are closed at the end of each official term by paying the balances to the respective county government.

The financial statements have been prepared on a regulatory basis of accounting, which demonstrates compliance with the laws of Kentucky and is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this regulatory basis of accounting revenues and expenditures are generally recognized when cash is received or disbursed with the exception of accrual of the following items (not all-inclusive) at December 31:

- Interest receivable
- Collection on accounts due from others for 2009 services
- Reimbursements for 2009 activities
- Tax commissions due from December tax collections
- Payments due other governmental entities for payroll
- Payments due vendors for goods or services provided in 2009
- Payroll expenditures incurred but not paid

The Attorney General issued a letter which stated that some revenues of the fee official offices could be considered reimbursed expenses. All reimbursed expenses are treated as revenue in the 75 percent fund.

JEFFERSON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2009
(Continued)

Note 2. Employee Retirement System

The county official and employees have elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a cost sharing, multiple employer defined benefit pension plan, which covers all eligible full-time employees and provides for retirement, disability and death benefits to plan members. Benefit contributions and provisions are established by statute.

Nonhazardous covered employees are required to contribute 5 percent of their salary to the plan. Nonhazardous covered employees who begin participation on or after September 1, 2008 are required to contribute 6 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 13.50 percent for the first six months and 16.16 percent for the last six months.

Hazardous covered employees are required to contribute 8 percent of their salary to the plan. Hazardous covered employees who begin participation on or after September 1, 2008 are required to contribute 9 percent of their salary to be allocated as follows: 8% will go to the member's account and 1% will go to the KRS insurance fund. The county's contribution rate for hazardous employees was 29.50 percent for the first six months and 32.97 percent for the last six months.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65. Nonhazardous employees who begin participation on or after September 1, 2008 must meet the rule of 87 (members age plus years of service credit must equal 87, and the member must be a minimum of 57 years of age) or the member is age 65, with a minimum of 60 months service credit.

Aspects of benefits for hazardous employees include retirement after 20 years of service or age 55. For hazardous employees who begin participation on or after September 1, 2008 aspects of benefits include retirement after 25 years of service or the member is age 60, with a minimum of 60 months of service credit.

Historical trend information pertaining to CERS' progress in accumulating sufficient assets to pay benefits when due is presented in the Kentucky Retirement Systems' annual financial report which is a matter of public record. This report may be obtained by writing the Kentucky Retirement Systems, 1260 Louisville Road, Frankfort, Kentucky 40601-6124, or by telephone at (502) 564-4646.

JEFFERSON COUNTY
 NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2009
 (Continued)

Note 3. Deposits

The Jefferson County Sheriff maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC) as required by KRS 66.480(1) (d). According to KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the Sheriff and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution.

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a depository institution failure, the Sheriff's deposits may not be returned. The Jefferson County Sheriff does not have a deposit policy for custodial credit risk but rather follows the requirements of KRS 41.240(4). As of December 31, 2009, all deposits were covered by FDIC insurance or a properly executed collateral security agreement.

Note 4. Leases

Commitments to the following lease agreements as of December 31, 2009

Item	Monthly	Term of	Ending	Principal
<u>Purchased/Leased</u>	<u>Payment</u>	<u>Agreement</u>	<u>Date</u>	<u>Balance</u>
				<u>December 31, 2009</u>
Five Copy Machines	\$ 686	48 Months	4/10/2010	\$ 6,486
Copy Machine	504	29 Months	8/25/2010	4,032
Office *	1,300	36 Months	5/31/2011	22,100

* This lease is paid from the Federal Forfeiture Account.

Note 5. Violence Against Woman Act (VAWA) Grant

The Sheriff was awarded violence against women investigator/intake center grant from the Kentucky Justice and Public Safety Cabinet. Federal funds in the amount of \$31,285, and matching funds in the amount of \$25,150 were expended.

Note 6. Discretionary Account

The Sheriff has established a discretionary account as provided by KRS 64.345. This fund is to cover additional expenses related to homeland security emergencies, academy graduations, retirements, state and national sheriff's conventions, and extraordinary office expenses in amounts authorized by the approving authority. The account had a beginning balance of \$45,167, receipts of \$46,800, expenditures of \$54,603 and an ending balance of \$37,364 as of December 31, 2009.

JEFFERSON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2009
(Continued)

Note 7. State Forfeiture Account

The Sheriff has an account, which is used for receiving forfeited state drug money. This money is used to purchase law enforcement equipment. This account had a beginning balance of \$37,755, revenues of \$46,734, and expenditures of \$1,264 and an ending balance of \$83,225 as of December 31, 2009.

Note 8. Federal Forfeiture Account

The Sheriff has an account, which is used for receiving forfeited federal drug money. This money is used to purchase law enforcement equipment, for training, for drug education programs, and to make drug buys. This account had a beginning balance of \$752,914, revenues of \$213,010, (which includes \$90,523 IRS funds), expenditures of \$405,817, transfer to IRS forfeiture account of \$457,340, and an ending balance of \$102,767 as of December 31, 2009.

Note 9. IRS Forfeiture Account

The Sheriff has an account, which is used for receiving forfeited federal drug money. This money is used to purchase law enforcement equipment, for training, for drug education programs, and to make drug buys. This account started with a transfer from the Federal Forfeiture account of \$457,340, (which included 2009 revenues of \$90,523) revenues of \$266,249, expenditures of \$0, and an ending balance of \$723,589 as of December 31, 2009.

Note 10. 75% Operating Fund - Deficit Balance

The Sheriff's 75% operating fund had a deficit balance of \$1,198,720 as of December 31, 2009. KRS 64.345(4) states, "If seventy-five percent (75%) of the amount paid into the State Treasury in any month by any of such officers is not sufficient to pay the salaries and expenses of his/her office for that month, the deficit may be made up out of the amount paid in any succeeding month; but in no event shall the amount allowed by the Finance and Administration Cabinet to any officer for salaries and expenses exceed seventy-five percent (75%) of the amount paid to the Finance and Administration Cabinet by the officer during his/her term." The 75% operating fund has to be settled at the end of the Sheriff's term, which ends December 31, 2010.

JEFFERSON COUNTY
JOHN E. AUBREY, SHERIFF
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For The Year Ended December 31, 2009

CFDA	Program Title	Pass Through Number	Expenditures
<u>U.S. Department of Justice</u>			
Direct Programs:			
16.588	Violence Against Women Formula Grant	VAWA-2008-00036	\$ 31,285
16.N/A	Drug Enforcement Administration - Reimbursement of Overtime	Not Available	28,476
16.N/A	Federal Bureau of Investigation - Reimbursement of Overtime	Not Available	14,872
16.N/A	High Intensity Drug Trafficking Area - Reimbursement of Overtime	Not Available	7,750
16.N/A	United States Marshall Service - Reimbursement of Overtime	Not Available	8,933
16.N/A	Federal Forfeiture Account	KY 05 60000	<u>405,817</u>
Total U.S. Department of Justice			<u><u>497,133</u></u>
<u>U.S. Department of Treasury</u>			
Direct Programs:			
21.N/A	Internal Revenue Service - Reimbursement of Overtime and Other Expenses	Not Available	<u>95,513</u>
Total U.S. Department of Treasury			<u><u>95,513</u></u>
Total Cash Expenditures of Federal Awards			<u><u>\$ 592,646</u></u>

JEFFERSON COUNTY
JOHN E. AUBREY, SHERIFF
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For The Year Ended December 31, 2009

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Sheriff of Jefferson County, Kentucky, and is presented on a modified cash basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

Note 2 - Determination of Major Program

When determining the major program, each memorandum of understanding was considered a separate program. The Type A program for the Sheriff's office is any program for which total expenditures of federal awards exceed \$300,000 for calendar year 2009. The Federal Forfeiture Account program met the Type A program definition for calendar year 2009.

Note 3 - Noncash Expenditures

There were no noncash expenditures of federal awards for calendar year 2009.

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS



CRIT LUALLEN
AUDITOR OF PUBLIC ACCOUNTS

The Honorable Jerry E. Abramson, Mayor, Louisville/Jefferson County Metro Government
Honorable John E. Aubrey, Jefferson County Sheriff
Members of the Louisville/ Jefferson County Metro Council

Report On Internal Control Over Financial Reporting And
On Compliance And Other Matters Based On An Audit Of The Financial
Statements Performed In Accordance With Government Auditing Standards

We have audited the financial statements - regulatory basis of the Jefferson County Sheriff for the year ended December 31, 2009, and have issued our report thereon dated May 25, 2010. The Sheriff's financial statements are prepared in accordance with a basis of accounting other than generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Jefferson County Sheriff's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the Sheriff's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Sheriff's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.



Report On Internal Control Over Financial Reporting And
On Compliance And Other Matters Based On An Audit Of The Financial
Statements Performed In Accordance With Government Auditing Standards
(Continued)

Compliance And Other Matters

As part of obtaining reasonable assurance about whether the Jefferson County Sheriff's financial statements as of December 31, 2009, are free of material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of management, the members of the Louisville/Jefferson County Metro Council, the Department for Local Government, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Crit Luallen', with a long horizontal flourish extending to the right.

Crit Luallen
Auditor of Public Accounts

May 25, 2010

REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133



CRIT LUALLEN
AUDITOR OF PUBLIC ACCOUNTS

The Honorable Jerry E. Abramson, Mayor, Louisville/Jefferson County Metro Government
Honorable John E. Aubrey, Jefferson County Sheriff
Members of the Louisville/Jefferson County Metro Council

Report On Compliance With Requirements
Applicable To Each Major Program And Internal Control
Over Compliance In Accordance With OMB Circular A-133

Compliance

We have audited the compliance of the Sheriff of Jefferson County, Kentucky, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended December 31, 2009. The Sheriff's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Jefferson County Sheriff. Our responsibility is to express an opinion on the Sheriff's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Sheriff's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Sheriff's compliance with those requirements.

In our opinion, the Jefferson County Sheriff complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2009.

Internal Control Over Compliance

The Sheriff of Jefferson County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Sheriff's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Sheriff's internal control over compliance.



Report On Compliance With Requirements
Applicable To Each Major Program And Internal
Control Over Compliance In Accordance With OMB Circular A-133
(Continued)

Internal Control Over Compliance (Continued)

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the members of the Louisville/Jefferson County Metro Council, the Department for Local Government, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Crit Luallen', with a stylized, cursive script.

Crit Luallen
Auditor of Public Accounts

May 25, 2010

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JEFFERSON COUNTY
JOHN E. AUBREY, SHERIFF
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For The Year Ended December 31, 2009

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of the Jefferson County Sheriff.
2. No material weaknesses relating to the audit of the financial statements are reported in the Independent Auditor's Report.
3. No instances of noncompliance material to the financial statements of Jefferson County Sheriff were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal awards programs are reported in the Independent Auditor's Report.
5. The auditor's report on compliance for the audit of the major federal awards programs for Jefferson County Sheriff expresses an unqualified opinion.
6. There are no findings relative to the major federal awards programs for Jefferson County Sheriff reported in Part C of this schedule.
7. The program tested as a major program was: Federal Forfeiture Account (CFDA #16.N/A).
8. The threshold for distinguishing Type A and B programs was \$300,000.
9. The Jefferson County Sheriff was not determined to be a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENT AUDIT

None.

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARDS PROGRAM
AUDIT

None.

